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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2004

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Report Highlights:

From America's largest overseas food and agricultural export market as translated from Japan's mass media and food industry news. This issue includes: *Coop Sapporo* acquires the online procurement services of GNX (Global Net Exchange); *Daiei* announces plans to boost its profit margin; *Yoshinoya D&C* is among those major Japanese restaurant chain operators expanding outlets in China; *Nathan's Franchisee of Japan* holds its first Japan version of the famous hotdog eating contest; Powdered *Aojiru*, possibly another successful health product for the Japanese consumer and; The U.S. Pavilion at the International Food Ingredients and Additives show in Japan benefits from the record 26,000 visitors to the show.

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Retail/Wholesale

- *Coop Sapporo* plans to reduce its procurement costs by approximately 100 million yen through participation in the GNX (Global Net Exchange) on-line B-to-B procurement system. Other large supermarket operators such as *Carrefour* also participate in the system. (b 6/1)
- *Daiei's* sales declined by 4% during the period of March thru May 2004, compared to the same period last year. Unseasonable weather conditions are seen as partly the blame for the decline in sales. This was also the third straight month the company failed to meet its target. *Daiei* plans to boost its profit margin by improving inventory turnover for products such as clothing and reduce its labor costs. (a 6/10)

Food Service

- *Starbucks Coffee Japan* plans to limit the number of new stores to 50 in the fiscal year ending in March 2005. *Starbucks* opened 69 stores in the last fiscal year and for this year, plans to focus on strengthening business system infrastructure rather than aggressively expanding its business. (b 6/1)
- More major Japanese restaurant chain operators are beginning to open new outlets in China. For example, *Monterozza*, a major Japanese pub chain operator, plans to open its first “Shirokiya” pub in Hong Kong in September and Shanghai within this year. *Baltic System*, a Saitama prefecture-based curry restaurant chain, also plans to open its first store in Shanghai as early as September. And *Yoshinoya D&C*, which has been suffering from Japan’s ban on imports of U.S. beef, also plans to accelerate its business expansion in China. This company already serves its beef bowls and other dishes at more than 70 stores in and around Shanghai and Beijing and plans to add 35 new stores in the fiscal year ending February 2005. By 2010, *Yoshinoya D&C* hopes to have 300 outlets in China. (a 6/3)
- *Nathan's Franchisee of Japan* opened its second “Nathan's” hotdog shop in Japan on May 30 in the new Shiodome Nihon Television Tower, Tokyo. On its opening day, *Nathan's* held a hotdog eating contest, and the winner earned the right to participate in the world contest that is to be held in New York City on the July 4th fourth holiday. (b 6/8)
ATO Note: ATO Tokyo Director, Mark Dries also gave a short aisatsu (speech) at the event while the Deputy Director attempted to compete in the contest.
- *McDonald's Japan* is planning to introduce its most expensive hamburger ever to be sold in its outlets in Japan. Called the premium “Mc Gran”, it will retail for 350 yen each. There is 80 percent more meat in the patty compared to their normal burgers. (b 6/8)

Food Processing/New Products/Market Trends

- More and more food companies are introducing the Japanese consumer to the new powdered *aojiru* (a green and yellow vegetable juice mix) drink products. They are normally sold one serving per package and are convenient to carry around. For example, in addition to *Kagome*

and *Suntory, Nisshin Pharma* plans to launch catalog sales of their powdered *aojiru* product called “Organic Aojiru” which uses young New Zealand wheat for its dietary fiber properties. (a 6/8)

- According to the financial statements for major Japanese food companies, in the fiscal year ending in March 2004, 61 out of 97 companies reported on increase in profit, and only one company reported a deficit in its current account. However, total sales for all companies declined by 1.6% compared to the same period in the previous year. Specifically, fishery-related companies saw declines in profits while profits of livestock-related companies improved. (f 6/3)

Food Safety/Consumer Awareness

- On June 9, Japan’s Ministry of Health, Labor, and Welfare implemented a temporary ban on imports of frozen *gyoza* (Chinese-style steam-baked meat pies) or any ingredients for *gyozas* from Korea due to a report that rotten ingredients used in the preparations came from that country. (a 6/10)

ATO/Cooperator/Competitor Activities/Trade Shows

- IFIA (International Food Ingredients and Additives) Japan 2004 was held on May 26-28 at Tokyo Big Sight. The total attendance exceeded 26,000, which was the record high for this show. Joining U.S. and Korea were China and Australia which exhibited at the International Pavilion for the first time. The U.S. Pavilion featured products such as functional fruits and spice extracts. (Food Chemical News 6/3)

For more information on IFIA Japan, please go to our website at:

<http://www.atojapan.org/intro.html> (Click on the “Trade Show” menu)

- *CP Kelco Japan*, an exhibitor at IFIA Japan, held a reception with its Japanese distributors *Dainippon Seiyaku* and *San-Ei-Gen FFI* on May 27 commemorating its 30th anniversary of marketing xanthan gum in Japan. Its business first started in 1969 when FDA approved xanthan gum as a food additive. Mark Dries, Director of ATO Tokyo, gave a speech congratulating their effort and success. (Shokuhin Kagaku Shimbun 6/3)

Sources

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|----------------------------------|---|
| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

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